

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	613017
<015>	Study Area Name	ALASKA TEL CO
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Michael Garrett
<035>	Contact Telephone Number: Number of the person identified in data line <030>	8009820136 ext.160
<039>	Contact Email Address: Email of the person identified in data line <030>	mike.g@aptalaska.com
	Form Type	54.313 and 54.422

**(200) Service Outage Reporting (Voice)**  
**Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	613017
<015>	Study Area Name	ALASKA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Michael Garrett
<035>	Contact Telephone Number - Number of person identified in data line <030>	8009820136 ext.160
<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

<210> For the prior calendar year, were there any reportable voice service outages? Yes

[illegible]

**(300) Unfulfilled Service Request  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010>	Study Area Code	613017
<015>	Study Area Name	ALASKA TEL CO
<020>	Program Year	2018
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<035>	Contact Telephone Number - Number of person identified in data line <030>	8009820136 ext.160
<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

&lt;300&gt; Unfulfilled service request (voice)

0

&lt;310&gt; Detail on attempts (voice)

Name of Attached Document

&lt;320&gt; Unfulfilled service request (broadband)

0

&lt;330&gt; Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	613017
<015>	Study Area Name	ALASKA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Michael Garrett
<035>	Contact Telephone Number - Number of person identified in data line <030>	8009820136 ext.160
<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
613017ak510.pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

<b>(600) Functionality in Emergency Situations</b>		FCC Form 481
<b>Data Collection Form</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	613017ak610.pdf

**(700) Price Offerings including Voice Rate Data  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code 613017

<015>	Study Area Name	ALASKA TEL CO
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<020>	Program Year	2018
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<030>	Contact Name - Person USAC should contact regarding this data	Michael Garrett
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<035>	Contact Telephone Number - Number of person identified in data line <030>	8009820136 ext.160
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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com
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1/1/2017

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[illegible]

(710) Broadband Price Offerings  
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

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[illegible]



<b>(800) Operating Companies</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

[illegible]

**(900) Tribal Lands Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

 <900> Does the filing entity offer tribal land services? (Y/N) Yes

This LEC serves exchanges in Alaska

&lt;910&gt; Tribal Land(s) on which ETC Serves

&lt;920&gt; Tribal Government Engagement Obligation

613017ak920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable
Yes
<div style="background-color: #cccccc; height: 15px;"></div>
Yes
Yes
Yes
Yes
Yes
Yes
Yes

**(1000) Voice and Broadband Service Rate Comparability  
Data Collection Form**

FCC Form 481

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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance

---

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance

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Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

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<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

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<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP <http://www.aptalaska.com/lifeline-and-linkup/>

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- |        |   |                                     |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan,  | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan.  | <input checked="" type="checkbox"/> |

**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing  
Required Information

Name of Attached Document Listing  
Required Information

**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

&lt;2016&gt; Certification support used to build broadband

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

&lt;2017A&gt; Connect America Fund Phase II recipient?

&lt;2017C&gt; Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

&lt;2018&gt; Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing  
Required Information

&lt;2019&gt; Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)	Not Applicable - No Attachment Required	
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}		
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
	If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
	If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	613017ak3026.pdf



**(3005) Rate Of Return Carrier Additional Documentation (Continued)**

FCC Form 481

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**Financial Data Summary**

(3027) Revenue

14860555

(3028) Operating Expenses

13595266

(3029) Net Income

-261223

(3030) Telephone Plant In Service(TPIS)

61302984

(3031) Total Assets

22480905

(3032) Total Debt

0

(3033) Total Equity

18063773

(3034) Dividends

0

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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

**4003a.** RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

<b>4003b.</b> Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

<b>4004a.</b> Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.	Name of Attached Document Listing Required Information	

<b>4004b.</b> Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.	Name of Attached Document Listing Required Information	

**Certification - Reporting Carrier  
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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: ALASKA TEL CO	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/30/2017
Printed name of Authorized Officer: Michael Garret	
Title or position of Authorized Officer: President / CEO	
Telephone number of Authorized Officer: 9073606317 ext.	
Study Area Code of Reporting Carrier: 613017	Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**Certification - Agent / Carrier  
Data Collection Form**FCC Form 481  
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<039> Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent Firm:	
Signature of Authorized Agent or Employee of Agent:	Date:
Name of Authorized Agent Employee:	
Title or position of Authorized Agent or Employee of Agent	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

## Data Collection Form

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<035>	Contact Telephone Number - Number of person identified in data line <030>	8009820136 ext.115
<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

<210> For the prior calendar year, were there any reportable voice service outages?

Yes

$\langle 220 \rangle$

[illegible]

<b>(700) Price Offerings including Voice Rate Data</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	

<703>

[illegible]

**(710) Broadband Price Offerings**  
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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

<711>	<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
	AK	Alaska Telephone	49.95	0.0	49.95	0.768	0.768	10.0	Overage Charge
	AK	Alaska Telephone	54.95	0.0	54.95	0.768	0.768	20.0	Overage Charge
	AK	Alaska Telephone	59.95	0.0	59.95	0.768	0.768	30.0	Overage Charge
	AK	Alaska Telephone	69.95	0.0	69.95	0.768	0.768	40.0	Overage Charge
	AK	Alaska Telephone	99.95	0.0	99.95	0.768	0.768	80.0	Overage Charge
	AK	Alaska Telephone	279.95	0.0	279.95	0.768	0.768	200.0	Overage Charge
	AK	Alaska Telephone	54.95	0.0	54.95	1.0	1.0	10.0	Overage Charge
	AK	Alaska Telephone	59.95	0.0	59.95	1.0	1.0	20.0	Overage Charge
	AK	Alaska Telephone	69.95	0.0	69.95	1.0	1.0	30.0	Overage Charge
	AK	Alaska Telephone	79.95	0.0	79.95	1.0	1.0	40.0	Overage Charge
	AK	Alaska Telephone	109.95	0.0	109.95	1.0	1.0	80.0	Overage Charge
	AK	Alaska Telephone	299.95	0.0	299.95	1.0	1.0	200.0	Overage Charge
	AK	Alaska Telephone	59.95	0.0	59.95	2.0	1.0	10.0	Overage Charge
	AK	Alaska Telephone	69.95	0.0	69.95	2.0	1.0	20.0	Overage Charge
	AK	Alaska Telephone	79.95	0.0	79.95	2.0	1.0	30.0	Overage Charge
	AK	Alaska Telephone	89.95	0.0	89.95	2.0	1.0	40.0	Overage Charge
	AK	Alaska Telephone	119.95	0.0	119.95	2.0	1.0	80.0	Overage Charge
	AK	Alaska Telephone	319.95	0.0	319.95	2.0	1.0	200.0	Overage Charge
	AK	Alaska Telephone	69.95	0.0	69.95	4.0	1.0	10.0	Overage Charge
	AK	Alaska Telephone	79.95	0.0	79.95	4.0	1.0	20.0	Overage Charge
	AK	Alaska Telephone	89.95	0.0	89.95	4.0	1.0	30.0	Overage Charge



**(710) Broadband Price Offerings**  
**Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	613017
<015>	Study Area Name	ALASKA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Michael Garrett
<035>	Contact Telephone Number - Number of person identified in data line <030>	8009820136 ext.115
<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

<711>	<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
	AK	Alaska Telephone	99.95	0.0	99.95	4.0	1.0	40.0	Overage Charge
	AK	Alaska Telephone	129.95	0.0	129.95	4.0	1.0	80.0	Overage Charge
	AK	Alaska Telephone	349.95	0.0	349.95	4.0	1.0	200.0	Overage Charge
	AK	Alaska Telephone	89.95	0.0	89.95	8.0	1.0	10.0	Overage Charge
	AK	Alaska Telephone	99.95	0.0	99.95	8.0	1.0	20.0	Overage Charge
	AK	Alaska Telephone	109.95	0.0	109.95	8.0	1.0	30.0	Overage Charge
	AK	Alaska Telephone	119.95	0.0	119.95	8.0	1.0	40.0	Overage Charge
	AK	Alaska Telephone	159.95	0.0	159.95	8.0	1.0	80.0	Overage Charge
	AK	Alaska Telephone	379.95	0.0	379.95	8.0	1.0	200.0	Overage Charge
	AK	Alaska Telephone	49.95	0.0	49.95	5.0	1.0	150.0	Overage Charge
	AK	Alaska Telephone	89.95	0.0	89.95	5.0	1.0	300.0	Overage Charge
	AK	Alaska Telephone	149.95	0.0	149.95	5.0	1.0	600.0	Overage Charge
	AK	Alaska Telephone	74.95	0.0	74.95	10.0	1.0	150.0	Overage Charge
	AK	Alaska Telephone	119.95	0.0	119.95	10.0	1.0	300.0	Overage Charge
	AK	Alaska Telephone	179.95	0.0	179.95	10.0	1.0	600.0	Overage Charge
	AK	Alaska Telephone	99.95	0.0	99.95	15.0	1.0	150.0	Overage Charge
	AK	Alaska Telephone	139.95	0.0	139.95	15.0	1.0	300.0	Overage Charge
	AK	Alaska Telephone	199.95	0.0	199.95	15.0	1.0	600.0	Overage Charge
	AK	Alaska Telephone	159.95	0.0	159.95	25.0	1.0	300.0	Overage Charge
	AK	Alaska Telephone	229.95	0.0	229.95	25.0	1.0	600.0	Overage Charge
	AK	Alaska Telephone	299.95	0.0	299.95	25.0	1.0	1000.0	Overage Charge

**(710) Broadband Price Offerings**  
**Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	613017
<015>	Study Area Name	ALASKA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Michael Garrett
<035>	Contact Telephone Number - Number of person identified in data line <030>	8009820136 ext.115
<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

<711>	<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
	AK	Alaska Telephone	89.95	0.0	89.95	10.0	3.0	150.0	Overage Charge
	AK	Alaska Telephone	89.95	0.0	89.95	10.0	4.0	150.0	Overage Charge
	AK	Alaska Telephone	129.95	0.0	129.95	10.0	3.0	300.0	Overage Charge
	AK	Alaska Telephone	129.95	0.0	129.95	10.0	4.0	300.0	Overage Charge
	AK	Alaska Telephone	189.95	0.0	189.95	10.0	3.0	600.0	Overage Charge
	AK	Alaska Telephone	189.95	0.0	189.95	10.0	4.0	600.0	Overage Charge
	AK	Alaska Telephone	169.95	0.0	169.95	25.0	3.0	300.0	Overage Charge
	AK	Alaska Telephone	169.95	0.0	169.95	25.0	4.0	300.0	Overage Charge
	AK	Alaska Telephone	239.95	0.0	239.95	25.0	3.0	600.0	Overage Charge
	AK	Alaska Telephone	239.95	0.0	239.95	25.0	4.0	600.0	Overage Charge
	AK	Alaska Telephone	310.95	0.0	310.95	25.0	3.0	1000.0	Overage Charge
	AK	Alaska Telephone	310.95	0.0	310.95	25.0	4.0	1000.0	Overage Charge
	AK	Alaska Telephone	29.95	0.0	29.95	0.512	0.512	50.0	Overage Charge
	AK	Alaska Telephone	49.95	0.0	49.95	0.512	0.512	100.0	Overage Charge

(800) Operating Companies	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	613017
<015>	Study Area Name	ALASKA TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Michael Garrett
<035>	Contact Telephone Number - Number of person identified in data line <030>	8009820136 ext.115
<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com
<810>	Reporting Carrier	Alaska Telephone Company
<811>	Holding Company	Alaska Power & Telephone, Inc.
<812>	Operating Company	Alaska Telephone Company

[illegible]



Michael Garrett, CPA  
President/CEO  
P.O. Box 3222  
193 Otto Street  
Port Townsend, WA 98368

Voice (360) 385-1733 Ext 160  
Fax (360) 385-5177  
mike.g@aptalaska.com

Alaska Telephone Company  
SAC - 613017

#### Line 510 - Service Standards

ATC complies with all known service standards and consumer protection rules, including but not limited to:

- Alaska Administrative Code 3 AAC 52.200 through 3 AAC 52.340 - State service standards.
- Federal CNPI rules
- Federal Red Flag rules

Submitted

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SAC - 613017

### Line 610 - Function in Emergency Situations

ATC maintains critical spares and other redundant equipment that will allow it to keep local voice service operating in emergencies. Given the communities it serves are very isolated with limited access (primarily by air) very few communities have emergency services that are based locally. ATC also maintains sufficient back generation or battery capacity handle extend power outages. Given a complete Central Office outage it is possible, in many cases to have the switching function performed in another exchange. ATC has never had such an outage in its 55+ year history.

Aside from maintaining a critical spare inventory ATC monitors its equipment locally and remotely. When an outage of significant size occurs, local personal, sufficiently trained, are dispatched to handle the outage.

Emergency service provider calls can be routed on alternate paths if the situation arises.

ATC does serve many small, remote areas where no local personnel exist. These are exchanges with very few residents (for instance Chisana, Alaska can only be accessed by air and during winter has less than 5 end users, service is suspended in Healy Lake, Alaska at this time). Almost all of these remote areas have no local anchor institutions or emergency services. Connectivity to the world is the responsibility of the interchange carrier as ATC is only the local service provider.

Lastly, ATC performs preventive maintenance as part of its monitoring practice to eliminate all but the uncontrollable, acts of nature, type of outages.

Submitted

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SAC - 613017

### Line 920 - Tribal Government Engagement

Alaska is different than other states. All of Alaska land is considered tribal but there are only 2 locations (ATC serves both of them) I know of in Alaska where tribal governments manage businesses, licenses, rights-of-way, property ownership etc. Those two communities are Tetlin (approximately 20 residents) and Metlakatla (approximately 660 residents). The native organizations in the other communities are private corporations not government entities.

The corporate structure is relatively simple but can also be complex. There are regional corporations and small local corporations which have a connection to the region but are somewhat autonomous. Attached is a list of the regional and local corporations within ATC study area and include with the list are the two native governments.

### **Tribal Governments**

Metlakatla - Management (Local Lead tech, Director of Operations and Director of Broadband Quality, Director of Marketing) - Have continuing discussions with local government official about the governments telecom needs and the needs of the community in general. Broadband speeds have met FCC minimums long before the FCC codified the minimums. Local plant is capable of much higher speeds and upgrades to middle mile transport allow for growth. ATC is able to meet very high capacity needs on an individual case basis and support local community infrastructure and anchor institutions. ATC has discussed long term planning which requires the plan to be feasible and sustainable and middle mile transport dominates those brief discussions. We rarely market products but when we do it includes local input as we have local personnel in our employ onsite. Given we have worked with the Metlakatla Indian Community (MIC) for decades, we already comply with local rights of way, business licensing and land issues. In the case of land issues, we work with MIC and the Bureau of Indian Affairs (BIA) as appropriate.

Tetlin - ATC has had outreach (through the normal course of business) to this remote and small community (approximately 20 residents). We have discussed voice and broadband issues, feasibility and sustainability but we don't market services through adds only direct contact. Our broadband team has worked and lived in Alaska (and some are native) and they are culturally sensitive. Given ATC has worked in this community decades we adhere to all laws, regulations and rules that they promulgate (which are few).

### **Tribal Corporations and Organizations**

ATC through its parent AP&T, works with regional organizations in regards to telecom and energy as a routine part of the business.

#### **Sealaska Corporation - Regional Corporation of Southeast Alaska**

Discussions with Sealaska range from joint ventures, land leases and coordination of activities in both telecom and energy. While they own lands they are none-the-less a corporation where rules, regulations and laws about land usage and ownership are the jurisdiction of the State of Alaska. In these discussions we have detailed our plans for broadband deployment and they have reciprocated with a determination of community needs as they know them. Marketing and sensitivities to culture come from different discussions with other entities and employees.

#### **Doyon Corporation**

Few areas ATC serves are covered under Doyon Corporation. Doyon covers the interior region and any discussions between ATC and Doyon have been informal. Most of the direct conversations in interior areas have been with local corporations.

#### **Local Tribal Corporations / Organizations**

Local discussions by locally based employee have occurred on an informal basis. There are no local anchor institutions given the size of these communities. None of these communities govern land or business activities as envisioned by the FCC. However, as a normal course of business we have frequent contact with local corporations related to providing telecom services (and also energy services of our affiliate who is the regulated electric distribution company).

In conclusion, ATC has had formal discussions with local tribal governments (Metlakatla and Tetlin) as required by the community outreach. However this is not new as ATC has worked with these entities for decades. ATC, through its parent, has had similar discussion with regional tribal organizations about needs of the region. Local tribal organizations are contacted frequently in the normal course of business as ATC is the LEC providing local service and its affiliate is the electric utility.

Submitted

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Fax: (360) 385-5177  
Email: mike.g@aptalaska.com

## ATC Tribal Outreach Program

		Contact Information					
Exchange	List Tribal Organizations / Corporations	Address	City	Zip	Phone	Email	
Craig	Craig Tribal Association	PO Box 828	Craig	99921	907.826.3996	<a href="mailto:crabbay@hotmail.com">crabbay@hotmail.com</a>	
	Shaan-Seet, Inc.	PO Box 690	Craig	99921	907.826.3251	<a href="mailto:ssinc@aptalaska.net">ssinc@aptalaska.net</a>	
Hydaburg	Hydaburg Cooperative Association	PO Box 349	Hydaburg	99922	907.285.2666	<a href="mailto:hcatrbe@gmail.com">hcatrbe@gmail.com</a>	
	Haida Corporation	PO Box 89	Hydaburg	99922	907.285.3721	<a href="mailto:haidaceo@starband.net">haidaceo@starband.net</a>	
Hollis	No local organizations						
Chisana	No local organizations						
Edna Bay	No local organizations						
Dry Creek	No local organizations						
Whale Pass	No local organizations						
Hyder	No local organizations						
Naukati	No local organizations						
Meyers Chuck	No local organizations						
Wrangell	Wrangell Cooperative - Shakes	PO Box 2021	Wrangell	99929	907.874.4304	<a href="mailto:wcatrbe@gmail.com">wcatrbe@gmail.com</a>	
Petersburg	Petersburg Indian Association	PO Box 1418	Petersburg	99833	907.772.3636	<a href="mailto:piageneral@gci.net">piageneral@gci.net</a>	
Haines	Chilkoot Indian Association	PO Box 490	Haines	99827	907.766.2323	<a href="mailto:dberry@chilkoot-nsn.gov">dberry@chilkoot-nsn.gov</a>	
Klukwan	Klukwan, Inc.	PO Box 209	Haines	99827	907.766-2211	<a href="mailto:info@klukwan.com">info@klukwan.com</a>	
Skagway	Skagway Village	PO Box 1157	Skagway	99840	907.983.4068	<a href="mailto:dcommander@skagwaytraditional.org">dcommander@skagwaytraditional.org</a>	
Tok	No local organization						
Tanacross	Native Village of Tanacross	PO Box 76009	Tanacross	99776	907.883.5024	<a href="mailto:tanacrossvillagecouncil@yahoo.com">tanacrossvillagecouncil@yahoo.com</a>	
	Tanacross Inc.	PO Box 76029	Tanacross	99776	907.883.4130		
Dot Lake	Village of Dot Lake	PO Box 2279	Dot Lake	99737	907.882.2695	<a href="mailto:dotlake@aitc.org">dotlake@aitc.org</a>	
	Dot Lake Native Corporation	3500 Wolf Run	Fairbanks	99709	907.347.1251		
Healy Lake	Healy Lake Trade Village Corporation	PO Box 60300, Healy Lake 19	Fairbanks	99706			
	Mendas Cha-ag Native Corporation	457 Cindy Drive	Fairbanks	99701			
<b><u>Regional Corporations</u></b>							
Covers all of SE Alaska	Sealaska Corporation	One Sealaska Plaza, Suite 400	Juneau	99801	907.586.1512		
Covers all Interior Exch	Doyon Corporation	1 Doyon Place Suite 300	Fairbanks	99701	907.459.2000		
<b><u>Tribal Governments</u></b>							
Metlakatla	Metlakatla Indian Community	PO Box 8	Metlakatla	99926	907.886.4441		
Tetlin	Native Village of Tetlin	PO Box 797	Tok	99780	907.883.2021	<a href="mailto:tetlinvillagecouncil@gmail.com">tetlinvillagecouncil@gmail.com</a>	
	Tetlin Native Corporation	PO Box 657	Tok	99780			



613017ak3026



Report of Independent Auditors  
and Financial Statements for

Alaska Telephone Company

December 31, 2016 and 2015

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Alaska Telephone Company

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Alaska Telephone Company (Company), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**REPORT OF INDEPENDENT AUDITORS**  
**(continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alaska Telephone Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*MOSS ADAMS LLP*

Spokane, Washington

April 7, 2017

**ALASKA TELEPHONE COMPANY**  
**BALANCE SHEETS**

---

**ASSETS**

	December 31,	
	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 36,947
Subscriber accounts receivable, less allowance of \$13,162 in 2016 and \$10,006 in 2015	623,395	630,124
Settlements and access accounts receivable	702,760	801,902
Other accounts receivable	10,570	207,644
Advances to affiliates	2,096,533	1,723,178
Material and supplies	324,130	192,886
Other assets	257,519	133,545
 Total current assets	 4,014,907	 3,726,226
 <b>NONCURRENT ASSETS</b>		
Goodwill, net of amortization	3,420,292	5,130,436
 <b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Telecommunications plant in service	61,302,984	58,121,822
Telecommunications plant under construction	700,989	505,992
Telecommunications plant held for future use	49,452	49,453
	62,053,425	58,677,267
Less accumulated depreciation	47,007,719	44,285,296
	15,045,706	14,391,971
 Total assets	 \$ 22,480,905	 \$ 23,248,633

**ALASKA TELEPHONE COMPANY**  
**BALANCE SHEETS**

**LIABILITIES AND STOCKHOLDER'S EQUITY**

	December 31,	
	2016	2015
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 5,005	\$ -
Advanced billing and customer deposits	273,031	267,433
Accrued taxes and other accrued liabilities	58,806	83,470
	<u>336,842</u>	<u>350,903</u>
 Total current liabilities	 336,842	 350,903
 <b>DEFERRED INCOME TAXES</b>	 <u>4,080,290</u>	 <u>4,572,734</u>
	 <u>4,417,132</u>	 <u>4,923,637</u>
 Total liabilities	 <u>4,417,132</u>	 <u>4,923,637</u>
 <b>STOCKHOLDER'S EQUITY</b>		
Common stock, \$1 par value, 500,000 shares authorized; 100,000 shares issued and outstanding	100,000	100,000
Additional paid-in capital	17,095,658	17,095,658
Retained earnings	868,115	1,129,338
	<u>18,063,773</u>	<u>18,324,996</u>
 Total stockholder's equity	 <u>18,063,773</u>	 <u>18,324,996</u>
  Total liabilities and stockholder's equity	  <u>\$ 22,480,905</u>	  <u>\$ 23,248,633</u>

**ALASKA TELEPHONE COMPANY**  
**STATEMENTS OF OPERATIONS**

	Years Ended December 31,	
	2016	2015
Operating revenues		
Wireline		
Customer	\$ 4,355,640	\$ 4,296,704
Intercarrier - interstate	6,336,174	6,109,214
Intercarrier - intrastate	1,223,075	1,300,042
Universal service support	2,760,412	2,613,832
Total wireline revenues	14,675,301	14,319,792
Miscellaneous	185,254	202,575
	<u>14,860,555</u>	<u>14,522,367</u>
Operating expenses		
Plant specific operations	4,508,699	4,347,212
Plant nonspecific operations	2,305,065	2,403,052
Depreciation	2,785,969	2,525,237
Customer operations	1,132,844	1,118,604
Corporate operations	2,776,294	2,275,240
Other operating taxes	86,395	110,125
	<u>13,595,266</u>	<u>12,779,470</u>
Net operating income	<u>1,265,289</u>	<u>1,742,897</u>
Nonoperating expenses		
Amortization of goodwill	1,710,144	1,710,144
Interest expense	917	-
	<u>1,711,061</u>	<u>1,710,144</u>
Net income (loss) before income taxes	(445,772)	32,753
Income taxes	<u>(184,549)</u>	<u>4,642</u>
Net income (loss)	<u>\$ (261,223)</u>	<u>\$ 28,111</u>

**ALASKA TELEPHONE COMPANY**  
**STATEMENTS OF STOCKHOLDER'S EQUITY**

---

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
Balance, December 31, 2014	\$ 100,000	\$ 17,095,658	\$ 1,101,227	\$ 18,296,885
Net income	-	-	28,111	28,111
Balance, December 31, 2015	100,000	17,095,658	1,129,338	18,324,996
Net loss	-	-	(261,223)	(261,223)
Balance, December 31, 2016	<u>\$ 100,000</u>	<u>\$ 17,095,658</u>	<u>\$ 868,115</u>	<u>\$ 18,063,773</u>



**ALASKA TELEPHONE COMPANY**  
**STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (261,223)	\$ 28,111
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation	2,785,969	2,525,237
Amortization of goodwill	1,710,144	1,710,144
Deferred income taxes	(490,750)	(584,019)
Change in assets and liabilities		
Accounts receivable	302,945	(22,212)
Material and supplies	(131,244)	(23,593)
Other current assets	(123,974)	(7,992)
Accounts payable	5,005	-
Advance billing and customer deposits	5,598	(68)
Accrued taxes and other accrued liabilities	(24,664)	47,750
Net cash from operating activities	<u>3,777,806</u>	<u>3,673,358</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net acquisition of telecommunications plant	<u>(3,443,983)</u>	<u>(1,577,778)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances to affiliates	<u>(370,770)</u>	<u>(2,099,111)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(36,947)	(3,531)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>36,947</u>	<u>40,478</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ -</u>	<u>\$ 36,947</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Contribution of telecommunications plant to affiliate	<u>\$ (4,279)</u>	<u>\$ (1,116,687)</u>

## ALASKA TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1 – Summary of Significant Accounting Policies

**Description of entity** – Alaska Telephone Company (Company or ATC) is an incumbent local exchange carrier that provides telephone and other related telecommunication services in Alaska. The Company is wholly owned by Alaska Power & Telephone Company, Inc. (AP&T).

**Accounting policies** – The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to regulated public utilities. Such accounting principles are consistent, in all material respects, with accounting prescribed by the Federal Communications Commission (FCC).

**Accounting estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include depreciation expense, the fair value of goodwill, deferred income taxes, and interstate access revenues. Actual results could differ from those estimates.

**Cash and cash equivalents** – Cash and cash equivalents are defined as short-term, highly liquid investments that were purchased with an original maturity of three months or less and are readily convertible into cash. Cash equivalents are stated at cost and primarily consist of money market savings accounts.

**Concentration of risks** – At various times throughout the year, cash balances exceeded federally insured limits. A possible loss exists for those amounts that exceed the federally insured limits.

In 2016, the Company received \$2.8 million, or 19%, of its revenue from the Federal Universal Service Fund. In 2015, the Company received \$2.6 million, or 18%, of its revenue from the Federal Universal Service Fund.

**Accounts receivable** – Accounts receivable are stated at the amount management expects to collect on outstanding balances. The Company reviews the collectability of accounts receivable annually based upon an analysis of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 30 days after issuance of the subscriber bill. Receivables from other exchange carriers are typically outstanding 30 to 60 days before payment is received. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes it has established adequate reserves for any risk associated with these receivables.

## **ALASKA TELEPHONE COMPANY**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Summary of Significant Accounting Policies (continued)**

**Material and supplies** – Material and supplies consist of construction materials and are valued at the lower of average cost or market.

**Property, plant, and equipment** – Property, plant, and equipment are stated at cost. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses.

Property, plant, and equipment are depreciated using straight-line methods over their estimated useful lives. In accordance with composite group depreciation methodology, when a portion of the Company's depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation. For income tax purposes, ATC computes depreciation using accelerated methods where permitted.

**Income taxes** – The Company is a member of a group that files consolidated federal income tax returns and a combined unitary Alaska return. Accordingly, income taxes payable to (refundable from) the tax authorities are recognized on the financial statements of the parent company who is the taxpayer for income tax purposes. The members of the consolidated group allocate payments to any member of the group for the income tax reduction resulting from the member's inclusion in the consolidated return, or the member makes payments to the parent company for its allocated share of the consolidated income tax liability. This allocation approximates the amount that would be reported if the Company was separately filing its tax returns.

Deferred taxes are provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of December 31, 2016 and 2015, the Company had no accrued amounts related to uncertain tax positions.

**Revenue recognition** – Monthly service fees derived from local wireline are billed one month in advance, but recognized in the month that service is provided.

## ALASKA TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1 – Summary of Significant Accounting Policies (continued)

**Revenue recognition (continued)** – Usage sensitive revenues such as access (revenues earned for originating/terminating long distance calls) are generally billed as a per-minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month service is provided.

Interstate access revenues also include settlements based on the Company's participation in the revenue pools administered by the National Exchange Carrier Association (NECA). Settlement revenues are determined by annually prepared separations and interstate access cost studies. Revenues for the current year are based on estimates prior to the submission of the cost study reporting actual results of operations. Additionally, the studies are subject to a 24-month pool adjustment period and final review and acceptance by the pool administrators. There was an insignificant revenue impact in 2016 and 2015, for adjustments related to prior year differences between the recorded estimates and actual revenues. Furthermore, management does not anticipate that 2016 and 2015 recorded revenues will require significant adjustments in future years.

Intrastate access revenues include revenues received from revenue pools administered by the Alaska Exchange Carrier Association that are based on the Company's relative cost of providing intrastate access service. These revenues are based on projections submitted periodically and intrastate access cost studies that are normally submitted every two years. Management does not anticipate significant adjustments to recorded revenues for the years ended December 31, 2016 or 2015.

The Company's wireline universal service support revenue is intended to compensate the Company for the high cost of providing rural telephone service. Universal service support revenue includes funds received for high cost loop support (HCLS), interstate common line support (ICLS), Connect America Fund (CAF), and other miscellaneous programs. HCLS and ICLS are based on the Company's current relative level of operating expense and plant investment. Support from the CAF is based on a historical frozen amount related to 2011 investment and expenses associated with the switching function and certain 2011 interstate access revenues, which together make up the CAF base. The CAF base will be reduced by 5% each year in determining CAF support.

**Regulation** – The Company's services are subject to rate regulation as follows:

- Local telephone and intrastate access revenues are regulated by the Regulatory Commission of Alaska. The FCC also has preemptive authority to regulate intrastate telecommunications services, including intrastate access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.

## **ALASKA TELEPHONE COMPANY**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 – Summary of Significant Accounting Policies (continued)**

##### **Regulation (continued) –**

- Universal service support revenues are administered by the Universal Service Administrative Company (USAC), based on rules established by the FCC.

Other sources of revenues are not rate regulated and include equipment sales, directory, rents, and other incidental services.

Nonregulated expenses and nonregulated plant are directly attributable to nonregulated services.

All other operating expenses and telecommunications plant are related primarily to wireline revenues. However, some of these costs jointly relate to regulated and nonregulated services. For interstate access settlements, universal service support, rate development, and other regulatory purposes, the portion of these common costs related to nonregulated activities are removed in accordance with Part 64 of the FCC rules in order to ensure regulated revenues are based on costs of providing regulated services.

The FCC released an Order and Further Notice of Proposed Rulemaking (FNPRM) in 2016, that reforms the High Cost Program supporting rate-of-return carriers. The FCC has also created a mechanism to ensure the \$2 billion budget for universal service support is not exceeded. The following changes have been implemented to modernize the program:

- Provides support for stand-alone broadband;
- Requires broadband deployment based on the number of locations lacking service and the cost of providing service;
- Requires allowances for capital investments and limits on operational expenses; and
- Phases out support for areas served by a qualifying competitor.

The FNPRM also created two paths to a CAF for rate of return carriers. The legacy mechanism reforms the existing ICLS mechanism to support stand-alone broadband. The model based option is voluntary and is a fixed amount of support for ten years. The model based support mechanism includes build-out milestones that must be met beginning in 2021. In the event the Company does not meet the milestones, a portion of the support received will be paid back to the Universal Service Fund. The Company is expected to receive support under the model based option in future years.

**Access revenues** – Access revenues are classified as follows:

- Customer revenues include end user charges such as the Subscriber Line Charge (SLC), the Federal Universal Service Charge (FUSC), Access Recovery Charge (ARC), and the state access charge.
- Universal service support includes HCLS, ICLS, CAF, lifeline, and linkup.

## ALASKA TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1 – Summary of Significant Accounting Policies (continued)

##### Access revenues (continued) –

- All access charge and settlement revenue, except as described above, is classified as intercarrier revenue.

**Related party transactions** – ATC is a wholly owned subsidiary and is included in the consolidated financial statements of AP&T. Certain allocations are made from the parent company that could result in the operating results or financial position of ATC being different from those that would have been obtained had the entities been autonomous. AP&T employs all employees of ATC and allocates certain employee costs to ATC. These costs are allocated based on cost allocation procedures that have been approved by the Regulatory Commission of Alaska. Employee costs in the amounts of \$5,371,109 and \$5,094,052 were allocated to ATC in 2016 and 2015, respectively. All eligible employees can participate in the AP&T stock ownership plan. Amounts due to and due from affiliated companies are recorded in the accompanying balance sheets as advances from affiliates or advances to affiliates.

**Advertising expenses** – The Company expenses advertising costs as incurred. Advertising expenses during the years ended December 31, 2016 and 2015, were \$78,481 and \$84,967, respectively.

**Taxes imposed by governmental authorities** – The Company's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions with its customers. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

**Fair value measurements** – Fair value represents the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Company follows the following fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value measurement guidance is applicable to the Company's goodwill.

## ALASKA TELEPHONE COMPANY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1 – Summary of Significant Accounting Policies (continued)

**Goodwill** – In 1999, the Company purchased properties from GTE Alaska. The excess of the purchase price over the fair value of the assets acquired has been recorded as goodwill. The Company adopted Accounting Standards Update (ASU)-2014-02, *Intangibles - Goodwill and Other (Topic 350) - Accounting for Goodwill*. Under this guidance, goodwill is tested for impairment by management when a triggering event occurs that indicates the fair value of the reporting unit is less than its carrying amount. In addition, under this standard, management has elected to amortize goodwill on a straight-line basis over a period of five years. In periods ending prior to January 1, 2014, the Company did not amortize goodwill, rather it was tested for impairment annually or between annual tests if an event or change in circumstance indicated the fair value of the Company was less than its carrying amount including goodwill. Management has reviewed events and circumstances that may be considered a triggering event, and determined no such event occurred during 2016. Total amortization expense related to goodwill for the years ended December 31, 2016 and 2015, was \$1,710,144. Annual amortization for the two years beginning January 1, 2017 is anticipated to be approximately \$1.7 million.

**Subsequent events** – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through April 7, 2017, which is the date the financial statements are available to be issued.

#### Note 2 – Property, Plant, and Equipment

Property, plant, and equipment balances, together with accumulated depreciation, consist of the following at December 31:

	Plant Account	Accumulated Depreciation	2016 Net Balance	2015 Net Balance
Plant in service	\$ 61,302,984	\$ 47,007,719	\$ 14,295,265	\$ 13,836,526
Plant under construction	700,989	-	700,989	505,992
Plant held for future use	49,452	-	49,452	49,453
Total	<u>\$ 62,053,425</u>	<u>\$ 47,007,719</u>	<u>\$ 15,045,706</u>	<u>\$ 14,391,971</u>

**ALASKA TELEPHONE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 2 – Property, Plant, and Equipment (continued)**

Telecommunications plant in service balances, together with accumulated depreciation balances, consist of the following at December 31:

	<u>Depreciation Rate</u>	<u>Plant Account</u>	<u>Accumulated Depreciation</u>	<u>2016 Net Balance</u>	<u>2015 Net Balance</u>
Telecommunications plant in service					
General support assets	0%-20%	\$ 8,703,038	\$ 6,099,376	\$ 2,603,662	\$ 2,514,580
Central office assets	7%-10%	29,757,554	22,701,245	7,056,309	7,820,908
Cable and wire facilities	2%-5%	<u>22,842,392</u>	<u>18,207,098</u>	<u>4,635,294</u>	<u>3,501,038</u>
		<u>\$ 61,302,984</u>	<u>\$ 47,007,719</u>	<u>\$ 14,295,265</u>	<u>\$ 13,836,526</u>

**Note 3 – Income Taxes**

The components of the provision for income tax (benefit) expense for the years ended December 31 are:

	<u>2016</u>	<u>2015</u>
Current		
Federal	\$ 239,133	\$ 452,845
State	67,068	135,816
Deferred		
Federal	<u>(490,750)</u>	<u>(584,019)</u>
	<u>\$ (184,549)</u>	<u>\$ 4,642</u>

The provision for income taxes differs from the amount computed by applying the current statutory federal income tax rate to earnings before taxes due to the effects of state taxes (net of federal benefit), nondeductible items, nontaxable items, and prior year over or under accruals.



# ALASKA TELEPHONE COMPANY

## NOTES TO FINANCIAL STATEMENTS

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### Note 3 – Income Taxes (continued)

The components of the net deferred tax liability recorded in the accompanying balance sheets at December 31 are:

	<u>2016</u>	<u>2015</u>
Current deferred tax (assets) liabilities		
Allowance for doubtful accounts	\$ (5,213)	\$ (3,962)
Prepaid expenses	<u>50,828</u>	<u>14,654</u>
Total net current deferred tax liability	<u>45,615</u>	<u>10,692</u>
Noncurrent deferred tax (assets) liabilities		
Acquisitions	(60,184)	(60,184)
Tax amortization and depreciation greater than book	<u>4,094,859</u>	<u>4,622,226</u>
Total net noncurrent deferred tax liability	<u>4,034,675</u>	<u>4,562,042</u>
Net deferred tax liability	<u><u>\$ 4,080,290</u></u>	<u><u>\$ 4,572,734</u></u>

In November 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes (ASU 2015-17)*, which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities be classified as noncurrent on the balance sheet. The Company has elected to early adopt ASU 2015-17.